GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:457
ANSWERED ON:24.11.2006
PRE-PAYMENT OF SMALL SAVINGS LOANS
Thakkar Smt. Jayaben B.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government of Gujarat has, of late, requested the Union Government for surrender or pre-payment of small savings loans; and

(b) if so, the details thereof alongwith action taken by the Union Government thereon?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): Some State Governments including Government of Gujarat have expressed reservations in accepting 100 percent transfer of net Small Savings Collections mobilized by them on the ground of high cost of these funds and have also requested to swap high coupon loan from National Small Savings Fund (NSSF) with current lower coupon borrowings.

(b): Government of India has already implemented a State Debt Swap Scheme from 2002-03 to 2004-05 under which the States were enabled to pre-pay their high coupon loans, including small savings loans, owed to the Government of India with lower coupon loans from NSSF and additional open market borrowings, Gujarat swapped loans amounting to Rs.9660 crore during 2002-03 to 2004-05 under State Debt Swap Scheme.